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No. 2759

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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MAY SESSION, 1916.

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COLUMBIA GRAPHOPHONE COMPANY  
(a corporation),

*Appellant,*

VS.

SEARCHLIGHT HORN COMPANY  
(a corporation),

*Appellee.*

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APPELLEE'S ANSWER TO REPLY BRIEF  
FOR APPELLANT.

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After the oral argument appellant secured permission to file a brief in reply to our brief. Such so-called reply brief has been filed. It is in no true sense of the term a reply brief, but is a new and independent argument. Consequently, we have secured permission from the court to reply to it. Six separate points are sought to be made against us. We shall examine them *seriatim*, stating them in the language of appellant's brief.

## I.

**"THE VILLY RE-ISSUE EXHAUSTED THE PATENTABLE SUBJECT-MATER."**

This is the first point made and appears to be the one most relied on. The argument is prefaced by the statement that the Villy re-issue was not before the courts in the Sherman-Clay suit and is *new matter* herein.

This is not a fair statement of the situation. While it is true that the Villy re-issue was not formally admitted in evidence in the Sherman-Clay case (because of the fact that it could in no way affect the Nielsen patent, inasmuch as it was issued subsequent to the date of the Nielsen patent), nevertheless this court carefully considered what would have been the effect if it had been admitted in evidence, and in doing so examined and passed on the contention of the appellant made in reference thereto. Furthermore, for the purposes of the argument this court gave to the defendant in that case "full credit" for all that it claimed in respect of the re-issue, and then held that such contention was of no avail. In the defendant's brief in the Sherman-Clay case the same arguments were made in respect of the Villy re-issue which are advanced in the case at bar. By reference to that brief, it will be seen that the matter was discussed at pages 8-10, also at pages 27-9, also at pages 59-60, also at pages 63-67, also at pages 68-71, and in a desultory manner at other portions of said brief. In our

reply brief in that case we argued the matter at pages 5-19.

The matter was exhaustively discussed in that case and "full credit" was given to the appellant's contention just as if the re-issue had been admitted in evidence, that is to say, assuming for the Villy re-issue all that was claimed for it, nevertheless it did not affect the validity of the Nielsen patent.

In passing on the matter this court disposed of it (214 Fed. 95, 96) in the following language:

"In this connection we may notice an error assigned relating to the refusal of the court to admit in evidence a re-issue of the Villy patent dated January 30, 1906. The plaintiff-in-error offered the re-issued patent in evidence at the trial. The defendant-in-error objected on the ground that it was not prior to the patent in suit; that is to say, the patent in suit is dated October 4, 1904, and the re-issued Villy patent is dated January 30, 1906, and that the latter could have no effect in construing the prior patent to Nielsen. No satisfactory answer was made to this objection in the court below. The objection was accordingly sustained, and the re-issued patent excluded. This patent is not in the record, and we are not able to form any opinion as to its elements. It appears that the United States Horn Company, the predecessor in interest of the defendant-in-error, purchased the original Villy patent, and thereafter, contending that broader claims should have been allowed, applied for and obtained a re-issue of the patent. It is contended that it was important that the re-issued patent should have been admitted in evidence for a number of reasons, among others that the defendant-in-error had marked its horns with the Villy re-issued patent

of January 30, 1906, and also with the Nielsen patent in suit; thereby admitting, it is contended, that the Nielsen horn was constructed under the Villy re-issued patent, as well as under the Nielsen patent, and that the re-issued patent was the connecting link between the original Villy patent and the Nielsen patent. What merit there is in these contentions we are unable to determine from the record before us, but, giving to the statement of the plaintiff-in-error full credit for all that is claimed for the re-issued patent, we do not see how it was material or relevant to any issue before the court."

It is apparent from the foregoing that in the Sherman-Clay case this court effectually disposed of the Villy re-issue, and while the document itself was not admitted in evidence, nevertheless the court permitted the plaintiff-in-error to make his own statement of what he claimed in respect of the re-issue, and after giving "full credit" to that statement held that the re-issue was not material or relevant in any respect. Consequently, the appearance of the Villy re-issue in the case now before the court is in no sense of the term *new matter*; but on the contrary is the oldest of old matter, which has already been disposed of by this court. It is purely a question of law, and that question of law has already been decided by this court. This seems to us a complete answer to the argument now advanced in respect of the document, and perhaps no other reply is necessary; but appellant's argument is so inherently unsound on its merits, even if it were new matter, that we venture to add a few words on the subject.

The contention of appellant in this behalf is stated at the bottom of page 5 and top of page 6 of the brief as follows:

“\* \* \* by reason of applying for and obtaining the Villy re-issue while owning the Nielsen patent, plaintiff has formally and deliberately and irrevocably delivered over to Villy all the credit for inventing the subject-matter defined by the Nielsen claims in suit. This concession of inventorship in favor of Villy and against Nielsen, exhausts the patentable subject-matter, and estops plaintiff from now asserting Nielsen as the inventor of said subject-matter.”

Observe; it is not contended that as matter of law the Villy re-issue actually had the effect suggested, but only that the plaintiff by its acts has conceded that it had such effect, and, consequently, is estopped from now asserting to the contrary.

Before answering this argument we note a material misstatement of fact by counsel in saying that the plaintiff applied for and obtained the Villy re-issue. This is not true. The Searchlight Horn Company had nothing to do with the application for the re-issue. That re-issue was applied for and obtained by the U. S. Horn Company, a distinct corporation, before plaintiff acquired title to the Nielsen patent or any other patent. The facts are these:

On February 24, 1905 the U. S. Horn Company, a corporation of New York, acquired by assignment the Nielsen patent in suit (Rec. 973 and 975), and

shortly thereafter acquired the original Villy patent No. 739,932.

On October 26, 1905, while owning these two patents, the U. S. Horn Company applied for a re-issue of the Villy original patent, and on January 30, 1906, the re-issue was granted, about one year and four months subsequent to the date of the Nielsen patent, and was issued to and in the name of the U. S. Horn Company.

On January 4, 1907 both the Nielsen patent and the Villy re-issue were assigned by the U. S. Horn Company to the Searchlight Horn Company. Note carefully the above dates.

Prior to January 4, 1907 the U. S. Horn Company was selling the Nielsen horn and the Searchlight Horn Company was selling a phonograph horn of knock-down type and parabolic form, which was not covered by either the Nielsen or the Villy patents. The Searchlight Company sold about 35,000 of these parabolic horns, but did not make a commercial success of the same, and thereupon, on January 4, 1907, purchased from the U. S. Horn Company both the Nielsen and the Villy re-issue patents (see Rec. 146, 169-72, 177, 187-90).

It will be seen from the foregoing that appellant's counsel misstated a fact when asserting that the plaintiff applied for and obtained the Villy re-issue. Hence their position must be reformed in order to comply with the facts of the case, and when so reformed may be stated as follows:

"The fact that plaintiff's assignor, a corporation styled U. S. Horn Company, applied for and obtained the Villy re-issue while owning the Nielsen patent, operates to deliver over to Villy all credit for the subject-matter defined by the Nielsen claims and estops the Searchlight Horn Company, who afterwards acquired the two patents by purchase, from asserting to the contrary."

*The first answer to this contention is that the purchaser of a patent from another person for a valuable consideration is not bound by derogatory statements or acts in respect of its validity made or done by the assignor, while owning the patent, and such purchaser is not estopped from asserting to the contrary.* If, after a patent owner sells the patent to another for a valuable consideration, the assignee brings an infringement suit, surely it is no answer to the suit for the infringer to say that the former owner of the patent, while holding the same, admitted that it was invalid.

This involves a consideration of the question of whether a subsequent owner of property is bound by statements made in respect of that property by the former owner while holding the same. As regards real estate there is a rule of evidence to the effect that admissions by the owner of land while in possession, which tend to show the character of his possession and the title under which he claims, are relevant for that purpose as against his grantee, but are not relevant for the purpose of impugning his title. Such rule, however, relates only to real

estate and does not apply to personal property. In respect to personal property declarations, admissions, and statements of the former owner are not relevant against the subsequent owner in a suit brought by him relating to the property in question.

This question was considered and ruled on by the Supreme Court in the case of *Dodge v. Freedmans Savings & Trust Co.*, 93 U. S. 379, where such declarations were offered in evidence. The Supreme Court said at page 382:

“No principle can be found to justify the admission of this evidence. It has long been settled that the declarations made by the holder of a chattel or promissory note, while he held it, are not competent evidence in a suit upon it, or in relation to it, by a subsequent owner.”

Inasmuch as a patent is personal property, it follows that no declarations, admissions, statements, or acts made or taken by the United States Horn Company in respect of the Villy re-issue are relevant or competent as against the Searchlight Horn Company, who is a subsequent purchaser for a valuable consideration.

Appellant's counsel seek in their brief to anticipate this objection by saying, at page 10, that the United States Horn Company was identical in interest with the plaintiff, Searchlight Horn Company, and whatever constitutes estoppel against the United States Horn Company constitutes estoppel against plaintiff. In this connection they refer to the testimony of Locke to the effect that “ownership in

the two companies was practically the same". But this is no answer to the rule of evidence above stated. Precisely what the witness meant by saying that the ownership of the two companies was practically the same is not made clear by the evidence. We may assume it to mean that a majority of the stock of both corporations was owned by the same set of individuals. That, however, is not controlling. While it is true that the stockholders elect the board of directors, nevertheless the board of directors in their executive capacity operate the corporation according to their own judgment. In this case the president and secretary of the U. S. Horn Company were Alexander L. Winter and John C. DeGraw respectively, and those of the Searchlight Horn Company were William H. Locke, Jr., and Chas. Percy Bogart (Rec. 138, 982).

We submit that nothing which the U. S. Horn Company said or did in respect of this Villy re-issue can have any binding effect on the rights of the Searchlight Horn Company under the Nielsen patent.

#### **Alleged Admissions of Plaintiff.**

But it is asserted by appellant's counsel that the Searchlight Horn Company itself made certain admissions and did certain things which constitute an estoppel against it. Those things are specified at pages 14 and 15 of the brief, and in substance are as follows:

1. The assertion that plaintiff's circular of November 15, 1906, charged all flower horns to be infringements of the Villy re-issue.
2. Action of plaintiff in affixing to the foldable metal horns sold by it the patent dates of both the Villy and the Nielsen patents.
3. Mr. Locke's letters to the National Phonograph Company concerning what is styled "the Villy Metal Knock-down or folding horn", in which he asserted said horn to be acoustically the most perfect horn.
4. Locke's letter of July 20, 1909, in which he asserts that the Nielsen patent and the Villy re-issue patent are the earliest flower horn patents.

The most casual consideration of the four items stated shows that they are without merit and wholly insufficient to constitute the basis for an *estoppel in pais*. Consider them briefly in detail.

**As To Item No. 1, *supra*,** the circular in question appears at pages 49-50 of the record. At page 14 of appellant's brief it is asserted that this circular charges "that *all flower horns* were flagrant infringements of the *Villy patent*". This is not a fair statement of the facts. The circular in question is addressed to the trade generally and from it we quote the material portions as follows:

"Becoming alarmed at the rapidity with which our Searchlight horns have gained the favor of the public, our competitors have in an unbusinesslike manner attempted to intimidate our customers. We, therefore, notify you

that the Searchlight horn is protected by United States letters patent No. 771441 of October 4, 1904, and No. 12442 of Jan. 30, 1906. \* \* \* *All of the so-called Flower Horns made by our aforesaid competitors are flagrant infringements of said patents.* The Searchlight horn is further protected by United States patent No. 38275 of October 9th, 1906, and other patents covering said horn will issue in due course. If after the knowledge of these facts you consider it prudent to buy Flower Horns other than the Searchlight, do not hold us blame-worthy if trouble ensues, as we have been obliged to place the patents in the hands of our attorney with instructions to take steps to protect our rights thereunder; and remember, please, that we make the best horn in the market and sell it at a fair price."

It is only the italicized portion, *supra* (italics ours) which is relied on by appellant's counsel, and their contention is that the same constitutes an assertion that *all flower horns are flagrant infringements of the Villy re-issue.*

What the circular does charge is that certain "so-called flower horns" (not described) made by certain persons (not named) are infringements of said patents, Nos. 771,441 and 12,442. This is far from asserting that all flower horns are infringements of the Villy re-issue.

Again; when the circular charged that the particular horns referred to—were "infringements of said patents", did it mean that each of said horns was an infringement of both of the patents, or merely that some were infringements of one and others

infringements of the other patent? The language is susceptible of the latter construction.

But whatever may be the true construction, it is merely a trade circular by a manufacturer for the purpose of boosting his goods. Such statements cannot constitute an *estoppel in pais*.

But after all, suppose the writer of the circular did intend to charge that all flower horns were infringements of the Villy re-issue, that was merely the expression of an opinion on a question of law. He may have been honest in that opinion, and yet he may have been in error. Such an opinion was clearly erroneous, because Villy's re-issue covers only a *foldable* flower horn made of *paper, wood, linen* or other similar material, and does not cover a rigid non-foldable flower horn made of metal. A man is entitled to change his opinion after discovering it to be erroneous. If the Old Virginia negro, who insisted "that the sun do move", should ultimately be convinced of his error, surely his change of opinion could not be imputed to him as a reproach.

**As To Item No. 2,** *supra*, it asserts that plaintiff affixed the Villy patent date, along with the Nielsen, "to its Villy metal horns, thereby branding it as a Villy Horn". It is true that plaintiff made a few collapsible metal horns having piano-lid hinges and marked such horns "patented Oct. 4, 1904 and Jan. 30, 1906". These are the dates of the Nielsen and Villy re-issue patents. Were we inclined to be technical, we might well say that there is no evi-

dence to show that plaintiff did not own other patents bearing those dates; but we prefer to put our answer on a broader ground, and that is to say that the marking of the horns with the Villy re-issue date is, at best, nothing more than the expression of an opinion that the horn was covered by the Villy re-issue patent, which opinion was erroneous.

#### Villy Patent Does Not Cover Metal Horn.

Appellant's counsel, at pages 11-13, argue as a matter of law that this collapsible metal horn was covered by the Villy re-issue. In support of this they quote from the Villy patent the statement therein appearing that the horn is made "by employing a series of strips of paper, wood, linen, or other preferably flexible material", and they then argue that the words "other preferably flexible material" cover sheet metal.

The argument is unsound. Counsel forgot the doctrine of *cujusdem generis*, sometimes called *noscitur a sociis*. That rule of construction is known as "Lord Tenterden's rule", and was announced by him in the year 1827, in the case of *Sandimar v. Breach*, 7 B. & C. 96. In substance it is as follows:

Where general words follow an enumeration of particular ones, the rule is to construe the general words as referring to things of a like character to the particular things enumerated, that is to say, the general words refer to things of the same kind (*cujusdem generis*) as the particular things enumerated.

This rule finds expression in many American cases. Thus, in *Spaulding v. the People*, 172 Ill. 40, it was held that the doctrine of *eiusdem generis* is that where an enumeration of specific things is followed by some more general word or phrase, such general word or phrase is held to refer to things of the same kind.

And in *Benton v. Benton*, 63 N. H. 295, it was held that the rule *eiusdem generis* ordinarily limits the meaning of general words to things of the same class as those enumerated specifically.

In the case of *U. S. v. Mescall*, 215 U. S. 31, Mr. Justice Brewer puts it thus:

“Where particular words of description are followed by general terms, the latter will be regarded as referring to things of a like class with those particularly described—*eiusdem generis*.<sup>1</sup>”

The rule was applied by the Court of Appeals of the 6th Circuit in *U. S. v. Celluloid*, 82 Fed. 627, where the words under consideration were “owner, importer, consignee, agent, or other person”. The court, through Judge Lurton, held that the words “or other person” mean only persons of the same general class as those described by the preceding words and did not include a stranger who was a mere trespasser in respect of the goods.

At page 635 he says:

“The descriptive words preceding all describe some person having a relation to the owner, and for whose conduct, in respect to his mer-

chandise, he may be responsible. The words ‘other person’, when a forfeiture of merchandise is sought, mean some one of the same general class as those described by the words with which it is associated”.

Further citations are unnecessary. The rule is an elementary one and well known to experienced practitioners. Applying it to the facts in hand, the words “other preferably flexible material” appearing in the Villy patents must be taken as referring only to flexible material of the same general character as paper, wood, or linen, which had already been particularized. This construction excludes sheet metal, because that material is not of the same general character as paper, wood, or linen. And this argument is rendered unassailable by considering the document as a whole and construing it by its four corners. There is not the slightest intimation in it that sheet metal was contemplated. On the contrary the inference is that sheet metal was not contemplated, because the paper, wood, or linen was to be pasted on to a backing of fabric so as to produce flexible joints. It is apparent that sheet metal could not be so utilized, and if a person concluded to use sheet metal, it would be necessary for him to devise a wholly different kind of joint, such as the counsel’s piano-lid joint, and this would necessitate a reorganization of the entire structure. Indeed that is precisely what the subsequent patentee Berner did. He improved over Villy by making a horn of sheet metal sections with piano-lid joints, and for that construction he secured an

independent patent with 49 claims (Rec. 1109). The Villy re-issue discloses as its material only paper, wood, or linen, and makes no disclosure whatever of sheet metal.

**As To Item No. 3,** *supra*, specified at page 15 of appellant's brief, it asserts that certain letters written by Mr. Locke claimed that the so-called Villy metal horn (i. e., the folding metal horn which plaintiff unsuccessfully tried to market) was both structurally and acoustically the most perfect of all horns. From this it is argued that our claim of acoustic superiority for Nielsen's horn must fall. Three letters are referred to, those of December 12, 1906, December 21, 1906, and July 20, 1909. The first appears at pages 181-2 of the record, and a photographic copy of the same is annexed to the appellant's original brief. The second letter appears at pages 182-3 of the record, and the third at pages 184-5.

The first letter says:

“The last knock-down sample horn we sent you we consider the most perfect product of its kind ever turned out, both structurally and acoustically.”

Said letter contains a cut of the horn referred to and one of said horns is in evidence.

The second letter, that of December 21, 1906, refers to the metal used in the said knock-down horn.

Reference to the testimony of Mr. Locke shows that the said horn referred to was the horn of

parabolic shape made in four pieces held together by screws, so that it might be taken apart when not in use and packed away in a box. It was not the folding metal horn, which counsel style the "Villy metal horn". It was neither the Nielsen nor the Villy horn, nor was it an infringement of either of those patents, but was a distinct novelty devised by the Searchlight Horn Company (Rec. 188, 189, 190). Consequently, when the appellant's counsel stated at page 15 of their brief that these letters referred to the so-called Villy folding metal horn, they made a positive misstatement of fact. Such conduct is wholly inexcusable. It is the duty of counsel to aid, not to mislead, the court, and in performing their duty it is incumbent on counsel to state the record facts correctly. Counsel may be excused for misstatements of law, because law is largely a matter of opinion; but he can not be excused for misstatements of a record fact. Again and again have the counsel for appellant made misstatements of fact in this case. Some of them we have overlooked, being charitable enough to attribute them to carelessness, engendered by excessive zeal; but the misstatement of fact which we are now considering is so inexcusable that it would appear to have been inspired by an intention to mislead. But whatever may have been the intention, it is perfectly clear that Locke's statements did not refer to the so-called Villy metal horn, and are, therefore, ineffective for the purpose for which they were cited.

**As To Item No. 4, *supra*,** referred to by counsel, that is a letter written by Locke, on July 20, 1909, to the president of the National Phonograph Company (Rec. 184), in which he says:

"Enclosed you will find United States letters patent just issued on our Folding Horn. French and English patents have been granted, German to follow. The United States and Foreign rights are for sale. Price reasonable—terms will be made satisfactory.

This horn is the only practical all-metal collapsible horn in the world, and consists of a hinged bell, inner tube, outer tube, and nut. It can be made from any weight of metal now used. Its amplifying and tone qualities are equal to a lap-seamed horn, and in quantities can be manufactured at a moderate advance in cost. Made to pack with the talking machine in the original package, reaching the consumer without rehandling, and in perfect condition, thereby eliminating the necessity for more than one package, a great saving in room, freight and expressage. Can be finished in any color or decoration.

We are also owners of patents 739,954, issued September 29, 1903, 771,441, issued October 4, 1904, and 12,442 reissued October 26, 1905. These are the earliest Flower Horn patents."

The patent referred to in the first part of the letter is that of Berner, No. 926,235, dated June 29, 1909, and appearing between pages 1109 and 1117 of the record. It is the patent which covers the folding metal horn attempted to be marketed, but without success, by the Searchlight Horn Company, and which horn appellant's counsel have styled the "Villy metal horn". According to the Locke let-

ter, this Berner patent was offered for sale to the National Phonograph Company, and at the end of the letter reference is made to the fact that the Searchlight Horn Company was also the owner of the Nielsen and Villy patents, which were designated as "the earliest flower horn patents".

The attempt of counsel to get any comfort out of this letter is analogous to that of a drowning man grasping at a straw. The contention in that behalf is so palpably without merit that we shall not dignify it with an answer.

At page 15 of their brief counsel sum up their position by asserting that it has been made to appear that from 1906 to 1909 plaintiff repeatedly asserted that *Villy's* was *the* patent for the *flower horn*; that it was a patent for a *metal* horn, and that above all Villy *dominated the art* rather than Nielsen. (Italics quoted.)

Answering these statements, we deny that the plaintiff ever asserted that Villy's was *the* patent for the *flower horn*, but only that it was *a* patent for a *flower horn* and was one of the earliest; we deny that the plaintiff ever asserted that the Villy patent was for a *metal* horn; we deny that plaintiff ever asserted that Villy *dominated the art* rather than Nielsen.

But as a final and complete answer to counsel's contention regarding the Villy re-issue, concede for the sake of argument that the plaintiff was originally of the opinion that the Villy re-issue covered

a metal horn and that the foldable metal horn attempted to be put out by plaintiff was made under that patent, what of it? It was at best merely an opinion on a question of law, and even the wisest of lawyers and the astutest of judges sometimes differ on questions of law. Is the Searchlight Horn Company now to be held conclusively bound by an erroneous opinion on a question of law which it may have held years ago? To err is human, but to confess error is the highest attribute of a strong mind. Therefore, when we find a court overruling one of its former decisions as being erroneous, we give praise rather than condemnation. In this case we say, that, if the acts of the Searchlight Horn Company in respect of the Villy re-issue can be construed into the assertion of an opinion that the Villy re-issue covered a metal horn, then that opinion was erroneous, because the Villy re-issue does not disclose a metal horn, and the Searchlight Horn Company cannot be bound forever by an opinion on a question of law which has been subsequently shown to be erroneous. In this connection we refer to this court's opinion in the Sherman-Clay case (pp. 94-5), where the Villy original patent is construed and held not to affect the validity of the Nielsen patent. According to that opinion it does not cover a metal horn.

*But finally and as a conclusive answer to counsel's contention, there can be no estoppel in favor of the appellant because it does not appear from the evidence that the tortious acts of the Columbia*

*Graphophone Company* were induced by reason of any statements, acts, or conduct of the *Searchlight Horn Company*.

Apparently counsel are not familiar with the doctrine of *estoppel in pais*. We venture, therefore, to enlighten them on the subject.

#### **Doctrine of Estoppel in Pais.**

This doctrine practically originated with Chief Justice Denman in the famous case of *Pickard v. Sears*, 6 A. & E. 469, decided in 1837. It is true that the doctrine had been hinted at before that time, notably by Mr. Justice Ashurst as early as the year 1787 in the case of *Lickbarrow v. Mason*, 2 T. R. 70, and by Lord Eldon in the case of *Evans v. Bicknell*, 6 Ves. 183; but it was not until the case of *Pickard v. Sears* that the doctrine received its fullest expression. A little later Baron Parke, in the case of *Freeman v. Cook*, 6 B. & C. 174, suggested a slight modification, and the original doctrine as announced by Chief Justice Denman and modified by Baron Parke has ever since been well settled law. It may be stated in substance as follows:

Where a person by anything which he does or says, or abstains from doing or saying, intentionally causes or permits another person to believe a thing to be true and to act upon such belief otherwise than he would have acted but for that belief, and he so acts and materially changes his position, then the first person is not allowed in a suit between himself and such other person to deny the truth of the thing stated.

Apply this rule to the case at bar. There is not a scintilla of evidence to show that the plaintiff ever said or did anything, or refrained from saying or doing anything with the intention of causing the Columbia Graphophone Company to adopt and sell the horns which are charged to be an infringement, or to believe that they had a right to do so; nor is there a scintilla of evidence to show that Columbia Graphophone Company adopted those horns by reason of any act or statement of the Searchlight Horn Company. There is no evidence giving an explanation of the reason inducing them to adopt the infringing horns. There is no evidence of the facts and circumstances under which they adopted the horns. There is no evidence of any kind on the subject. There is merely the bald fact admitted by stipulation that within six years prior to the commencement of the suit they sold the horns which are charged herein to be an infringement. Not a single witness was called by appellant on this or any other point. They took no testimony, but submitted their case on the testimony taken in the Pacific Phonograph case. Every element of an *estoppel in pais* is wanting; or, to put it in different language, not a single element of an *estoppel in pais* is present. Appellant attempted to plead an *estoppel in pais*, but produced no evidence on the point. At page 130 of our former brief, we quoted from the appellant's answer the facts pleaded by them in this behalf, and we have there shown that not a word of proof was offered for the purpose of sus-

taining the same. In this behalf we refer to pages 129-133 of our former brief.

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## II.

### "DOUBLE USE OF GERSDORFF."

This relates to the Gersdorff patents for a funnel. The contention is that the use of a Gersdorff funnel for pouring liquid into a barrel would naturally suggest to a person the practicability of using that funnel, when inverted, as a phonograph horn for delivering musical notes from a music box without contamination or adulteration caused by the vibrations of such funnel.

A similar argument was made in the Sherman-Clay case in respect of the McVeety & Ford ship ventilator, which device was made in metal sections with outside ribs and was used for the purpose of drawing by suction foul and noisome vapors from the hold of a ship and discharging them into the open air. In respect of such a device and others of an analogous character, this court said at page 94 of its decision:

"The very obvious objection to these patents as tending to prove that the patent issued to Nielsen for phonograph horns was void for anticipation is that they were all for articles other than phonograph horns, and consequently qualities claimed by Nielsen to be resultant in a phonograph horn by reason of the arrangement of the strips of metal in a certain manner, and fastened together in a specified way, would

be entirely lacking in any other instrument or article formed in any manner whatsoever. We shall not, therefore, attempt to set forth the distinguishing features of, or draw comparisons between, the horn for phonographs and similar machines patented by the letters issued to Nielsen and the articles described in the various American and British patents introduced in evidence. Such procedure would serve no useful purpose, nor would it assist us in any degree to a solution of any of the questions arising on this appeal."

Applying this rule to the Gersdorff funnel, no one would ever suspect that a Gersdorff funnel, when inverted, would deliver musical notes from a music box without contamination or adulteration from the vibrations of the funnel, merely because he knew that such a funnel could be used for pouring vinegar into a barrel or whiskey into a demijohn. This contention of double use is so farcical that it tends to excite one's risibility. It is no better than the argument which sought to anticipate the sand blast patent by citing a contrivance attached to a locomotive for frightening cattle off the track by shooting sand at them.

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### III.

#### "THE SEARCHLIGHT PARABOLIC HORN."

This horn was the parabolic horn made by the Searchlight Company before it acquired the Nielsen patent, and was constructed of four pieces, fastened together by screws, so that, when desired,

the horn could be taken apart and its separate pieces packed away (Rec. 177, 185-6, 188-90, 192). In fine, it was a knock-down horn. It bears no relevancy to any issue in this case. Counsel assert that, inasmuch as the Searchlight Horn Company did not consider this horn to be an infringement of the Nielsen patent, therefore the Nielsen patent was so narrow as to be of no value, and the plaintiff attributed to Villy all the supposedly patentable subject-matter (brief 23). This argument is not worthy of serious consideration. This court will determine, in fact has already determined, the proper scope of the Nielsen claims, and it is immaterial what opinion the Searchlight Company formerly held as to that matter. The court will not base its decision on the opinion of laymen, but on the law and the facts in the case.

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#### IV.

##### **"THE ALLEGED SUPERIORITY OF THE NIELSEN PATENTED HORNS."**

Under this head counsel assert that our theory on this subject is in a large measure not only contrary to the facts but sheer nonsense.

As to our statements being contrary to the facts, we quoted the testimony *in extenso*, and it is for this court to say whether our statements were contrary to the facts or not.

As to our statements being sheer nonsense, counsel may think that is the proper way to answer an

argument. We venture to suggest that assertion is not argument, asseveration is not proof, and if counsel disbelieved our theory, they should have endeavored to disprove it.

The theory is either right or wrong. If it is wrong, it can be overthrown by proof; but it certainly cannot be overthrown by the bald statement that it is sheer nonsense.

Under this heading counsel for the first time undertake to cite testimony from their witnesses showing that the Nielsen horn does not produce the result claimed for it, and which this court held in the Sherman-Clay case it did produce. The first witness cited is RUDOLPH HUNTER. This gentleman is an attorney-at-law, who acts in the character of a professional expert in patent cases. In consideration of a large *per diem* he is called to give his legal opinion on matters, just as a lawyer is hired for the same purpose. He argues the matter in his deposition, while the lawyer argues the matter in court. Now this wise man, who is designated by appellant's counsel as "the celebrated talking machine expert", informs us substantially that in the secrecy of his office or laboratory or whatever place he uses for the purpose, he has tested various and sundry phonograph horns, some of which he made or caused to be made himself, and as a result of these various tests it is his opinion that the Nielsen horn does not produce the result claimed for it, in fact, that the old B. & G. horn was not only not inferior, but was even superior, to the Nielsen horn. In making

these tests he has used as representatives of the Nielsen patent two horns which he himself made or caused to be made. They are clumsy, awkward, and inefficient devices, not made according to the Nielsen patent, and are not in any sense correct representatives of the Nielsen horn. There were plenty of Nielsen horns accessible to the witness; but, instead of securing one of them, he proceeds to construct horns for himself, which he calls Nielsen horns, but which are in no sense true Nielsen horns. This fact alone would serve to minimize the effect of his testimony; but outside of that fact it has been repeatedly held that *ex parte* tests and experiments made by witnesses out of court and not in the presence of the other side are of no value and must be disregarded.

*Bemis v. Stevens*, 177 Fed. 720-1;  
*Bethlehem v. Niles*, 166 Fed. 888;  
*Plunger v. Standard*, 165 Fed. 911;  
*Rynear v. Evans*, 83 Fed. 697; and  
*Chadeloid v. Wilson*, 220 Fed. 682.

But the most casual examination of the testimony of Hunter will show that he has misconceived the whole situation. He endeavored by his experiments to show that it was not possible to construct a sheet metal horn that would be wholly free from vibrations. His testimony is quoted by appellant's counsel at page 30 of their brief. We do not contend that a horn can be constructed which is wholly free from vibrations. Nor do we claim that the Nielsen horn is wholly free from vibrations. Our conten-

tion is that by the Nielsen construction the vibrations are so reduced in amplitude as to be inaudible. Nielsen did not undertake to prevent vibrations. That was an impossibility. What he undertook to do was to so change the character of the vibrations as to prevent adulteration of the music, and that end was accomplished by producing vibrations of such small amplitude as to be inaudible. That is the Nielsen theory, and Mr. Hunter does not undertake to answer it. He side-steps it by saying that Nielsen undertook to prevent all vibrations. This is an error and shows that Mr. Hunter either failed to understand the Nielsen patent, or, if he understood it, he deliberately misinterpreted it.

The next witness referred to by appellant's counsel is WALTER H. MILLER, an employee connected with the Edison Company. He merely says that in 1900 Edison had at his plant a recording horn which was equal if not superior to any one on the market. This proves nothing material to the issues in this case.

The next witness is MR. STEWART, whose testimony is quoted at pages 34-35 of appellant's brief. When he was asked which in his opinion was the better form of horn, he replied as follows:

“The brass horn would be more pleasant than the other; but with the phonograph horns it is a great deal like the story about the lady whom during the campaign inquired of the man on the street who was selling photographs of the candidates, who would be the next president, as she wanted to buy his photograph. The

man replied, ‘I don’t know, lady; you pays your money and takes your choice.’ ”

Refraining from commenting on Mr. Stewart’s bad grammar, we suggest that the testimony as given by him is at best but the opinion of an interested witness, and is worthy of no credence in view of the fact that his employee has used the Nielsen horn instead of the brass horn which he said was “more pleasant”.

The testimony of KAISER and SENNE is next referred to at pages 35-6. Kaiser is the man who invented a paper horn, and naturally he prefers those to others. Senne is the man who infringed upon the Nielsen patent and against whom a decree by default was rendered. The testimony of such witnesses is worthless.

The last witness is HAWTHORNE, who gives it as his opinion that the sectional type of horn with longitudinal ribs is not better than the old horns of the B. & G. type. This opinion loses all of its force when we recall that prior to the advent of the Nielsen horn Hawthorne’s firm (Hawthorne & Sheble) were engaged in marketing the old B. & G. horn, and noting the defects in that horn took out patent 769,639, of May 10, 1904, for overcoming those defects. The patent appears between pages 1067 and 1069 of the record. In that patent it is stated that the object of the invention was

“to provide means for damping or preventing the vibrations of the metal of which the horn is composed which heretofore have ordinarily

interfered with the vibration of the column of air within the horn, so as to give a more or less objectionable quality to the music or other sounds reproduced by the machine to which the horn is attached”.

The patent also says:

“To those accustomed to the use of machines for reproducing sound it is well known that hitherto there has always been present an objectionable metallic note produced by the machine when in operation, due in a great measure to the fact that the vibrating column of air within the horn sets in vibration the metal of the horn itself, which in turn causes vibrations of air, so as to give rise to the objectionable note or tone mentioned.”

In order to overcome this defect, which is the identical defect which Nielsen sought to overcome, Hawthorne & Sheble provided their horn with a cloth covering, claiming that such device would do away with the said defect.

It proved, however, in practice, that this claim was wholly erroneous. The cloth covering did not overcome the defect in question, and as a result Hawthorne & Sheble abandoned the use thereof and consigned the horn of this patent to the scrap heap.

Shortly afterwards, October 4, 1904, the Nielsen patent appeared, and we find in the record the following noteworthy facts: Mr. Hawthorne went over to New York and secured a sectional metal horn embodying the Nielsen construction. The evidence does not show that it was a horn made by Nielsen, but the presumption is to that effect, inas-

much as the Nielsen horns were at that time being manufactured at New York. But whether this horn was made by Nielsen or not is of no moment, the material fact is that it was a horn embodying the Nielsen invention. Mr. Hawthorne delivered this horn to the workmen in his shop and instructed them to duplicate it. They had great difficulty in accomplishing this at first, as they did not know what the horn was composed of or how its various parts were constructed and put together. Finally they took the horn apart, and having in that way discovered its method of manufacture they proceeded to and did duplicate the horn, practicing thereby a rank infringement of the Nielsen patent. Hawthorne & Sheble then proceeded to manufacture these infringing horns and continued to do so for years afterwards. In fact they may be manufacturing and selling them at the present time so far as we know.

Thus we see that Mr. Hawthorne and his firm recognized the defect of the prior art and attempted to overcome it by a cloth covering, but utterly failed. They afterwards became acquainted with the Nielsen horn and proceeded to make the same without right or authority, and we have the testimony of our own witnesses to the effect that the Nielsen horn did overcome the defect which Hawthorne & Sheble failed to overcome. Under these circumstances the opinion of Mr. Hawthorne to the effect that the Nielsen horn is no better than the old B. & G. horn, becomes nothing more than a laughable farce. His

acts belie his words. In substantiation of the above facts see depositions of Scheerer (Rec. 870-83); Wackes (Rec. 903-5, 910-11); Kuenstle (Rec. 854-60).

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## V.

**"PLAINTIFF'S SELF-SERVING ADVERTISEMENTS."**

Under this head appellant's counsel refer to the advertisements inserted in the "Talking Machine World" by the Edison and other companies, and undertake to say that they are of no value as evidence against the Columbia Company. The theory is that the advertisements were made by strangers to the record and are, therefore, not binding upon the defendant. It must be remembered, however, that these advertisements were put in evidence in the suit against Pacific Phonograph Company, a person in privity with the Edison Company. Now by the stipulation under which the present case was tried, it was agreed by the appellant that all the evidence which we submitted against the Pacific Phonograph Company might likewise be submitted against the Columbia Graphaphone Company. Consequently, by their own acts they have made this evidence competent as against them.

But irrespective of this consideration, the evidence was proper as showing the opinion which Edison and other experts in the art entertained regarding this invention. Of course, Mr. Edison's opinion is not binding on the Columbia Company;

nevertheless the advertisements are competent evidence to show the existence of such opinion, and we venture the assertion that his opinion is far more valuable than that of Messrs. Hunter and Hawthorne.

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## VI.

### "LACHES AND ESTOPPEL."

We have already argued this matter at length in our former brief. Only a word more on the subject. At pages 41-2 of their brief counsel undertake to specify the issue of laches "presented by the answer". Without stopping to examine the correctness of the specification, we repeat that no evidence was produced to prove the alleged facts. We are not concerned with what issues are "presented by the answer", but only with the question whether those issues are substantiated by proof. We most emphatically say they are not.

Where is there any evidence to show that the Columbia Company was led to believe, or was justified in believing, that Hawthorne & Sheble had a right to make those horns, and that they had a right to acquire and sell the same? Where is there any evidence to show that the Columbia Company was induced by the conduct of the United States Horn Company to use the horns or to expend or did expend large sums of money in acquiring them for the benefit of their customers, or in delivering the same? Where is there any proof

whatever to show that the Columbia Company has ever changed its position by reason of any word or act of the plaintiff? There is not a scintilla of proof on these necessary and essential points, and the case presented by this record is simply and solely one of bald and unjustifiable infringement, a wanton and reckless invasion of the rights of a patent owner.

Dated, San Francisco,  
July 22, 1916.

Respectfully submitted,

JOHN H. MILLER,

*Counsel for Appellee.*